



**Health Services**  
LOS ANGELES COUNTY

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December 12, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NUMBER EIGHT TO COUNTY AGREEMENT NUMBER 56649  
WITH QUADRAMED CORPORATION AND QUADRAMED AFFINITY  
CORPORATION FOR TURNKEY HOSPITAL INFORMATION SYSTEMS (HIS)  
(All Districts) (3 Votes)**

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH  
MODIFICATION ☐ DISAPPROVE

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director and Chief Medical Officer of Health Services, or his designee, to sign, following the signatures by authorized representatives of QuadraMed Corporation (QMDC) and QuadraMed Affinity Corporation (Compucare), Amendment Number Eight, substantially similar to Exhibit I, to Agreement Number 56649 for a Hospital Information System (HIS) for each of the following Department of Health Services' facilities: High Desert Health System (HDHS), Rancho Los Amigos National Rehabilitation Center (RLANRC) and Martin Luther King, Jr./Drew Medical Center (K/DMC); effective upon Board approval through December 31, 2009, to purchase additional System Hardware and System Software; to increase rates for maintenance services and for professional services; to increase pool dollars for County-requested professional services; to add new Phases XI through XIV for new Application Software modules; to add a limitation on QMDC and Compucare's liability for the performance of County-requested professional services consisting of editing patient records in the HIS live database production environment; to increase the Contract Sum by \$24,157,055 to a total of \$64,253,725; and make various other changes to the agreement.

PURPOSE OF RECOMMENDED ACTION:

In approving this recommended action, the Board is authorizing the Director of Health Services, or his designee, to sign this Amendment Number Eight to:

1. extend the term of the agreement through December 31, 2009;
2. increase pool dollars for County-requested professional services which includes, without limitation, Master Patient Index (MPI) cleanup services, and professional services for HIS-related work needed for the implementation of the MetroCare plan which will combine the operations of Harbor-UCLA Medical Center and K/DMC;
3. add a new Phase XI for new PreciseID, MPISpy, SmartMerge, and SmartID (downtime) Application Software modules (these four modules also known as Master Patient Index Suite); add a new Phase XII for new Quantim Report Writer, Quantim Chart Completion, Quantim Chart Locator, Quantim Correspondence Management/Release of Information (ROI), and Quantim eSignature Application Software modules; add a new Phase XIII for new Quantim Electronic Document Management (EDM) Revenue Management, and Quantim EDM Health Information Management (HIM) Application Software modules; and add a new Phase XIV for new Quantim Facility Coding, Quantim Abstracting, Quantim Inpatient Compliance and Quantim Outpatient Compliance Application Software modules;
4. increase rates for maintenance services and for professional services through December 31, 2009;
5. add an additional pricing method for County-requested other professional services, paid for with pool dollars;
6. add a provision limiting QMDC's liability for certain damages related to its performance of certain professional services;
7. add a limitation on QMDC and Compucare's liability for the performance of County-requested professional services consisting of editing patient records in the HIS live database production environment;
8. increase the Contract Sum by \$24,157,055 to a total of \$64,253,725; and
9. make various other changes to the agreement.

**PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:**

Board approval of this amendment is recommended for:

the assurance of an uninterrupted, continuous HIS at HDHS, RLANRC and K/DMC, and the continuation of modifications, upgrades, and maintenance for each HIS. The HIS is the primary information system used throughout DHS that is utilized daily by both clinical and non-clinical staff;

- the amount of \$5.2 million for one-time costs for Master Patient Index Suite and all Quantim modules and related installation fees;

the amount of \$7.8 million for on-going maintenance; and

the amount of \$11.2 million for professional services, of which DHS estimates \$2.9 million for professional services for HIS-related work needed for the implementation of the MetroCare plan, and DHS estimates one-time costs of \$1.3 million for professional services related to the Master Patient Index clean-up project, which will eliminate multiple medical record numbers for active patients at each of the County clusters covered by this agreement.

During the extended term of the agreement under this amendment, County and QMDC and Compucare intend to negotiate a new agreement to consolidate this agreement with County Agreement Number 72190, which applies to Harbor-UCLA Medical Center, Olive View-UCLA Medical Center, and Los Angeles County + University of Southern California Medical Center.

#### IMPLEMENTATION OF STRATEGIC PLAN GOALS

This request is consistent with Goal 3: Organization Effectiveness of the Los Angeles County Strategic Plan and DHS' Five Year Implementation Plan Objective Number 6, "Increase IS and Telecommunication Efficiencies".

#### FISCAL IMPACT/FINANCING:

This fiscal impact related to this action is \$24,157,055. Of this amount, \$2.9M has been allocated in this amendment for the HIS-related MetroCare plan, in addition to \$2.8M (total \$5.7M) funding for the HIS-related MetroCare plan identified in County Agreement 72190. Funding for this amendment is included in the FY 2006-07 Final Budget and will be requested by the Department in future fiscal years.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 21, 1997, your Board authorized the Purchasing Agent to sign County Agreement Number 56649 with Compucare for the acquisition and maintenance of a turnkey HIS, including, but not limited to, clinical modules and hardware, for HDHS, RLANRC, and K/DMC for a five year term, effective December 31, 1996 through December 31, 2001.

On June 15, 1999, your Board approved Amendment Number One to Agreement Number 56649 to acknowledge the corporate acquisition of Compucare by QMDC, effective March 3, 1999, to add QMDC as a contractor under the Agreement, along with Compucare, and to hold both QMDC and Compucare jointly and severally liable and responsible for any and all of the obligations, responsibilities and liabilities of Compucare.

On December 7, 1999, your Board approved Amendment Number Two to Agreement Number 56649, including but not limited to; extending the term of the Agreement through December 31, 2003; increasing the maximum County obligation; redefining certain optional software modules to be implemented in Phases IV and V, and extending the implementation for certain of these modules under an added Phase VI; establishing a new Phase VII to include optional software modules (i.e., Accounts Payable and General Ledger) and acquiring software licenses, installation and maintenance for these modules; and revising and updating hardware and software maintenance rates, and professional services labor rates.

On December 4, 2001, your Board approved Amendment Number Three to Agreement Number 56649, containing various changes, principally to increase the maximum County obligation to \$27,464,093; to add a new Phase IX for a new Application Software module to the HIS at HDHS, RLANRC, K/DMC; to add Operating Software; and to increase funding for professional services pool hours for K/DMC.

On March 26, 2003, the Board approved Amendment Number Four to add standard County contract language regarding Health Insurance Portability and Accountability Act of 1996 (HIPAA).

On December 9, 2003, the Board approved Amendment Number Five to Agreement Number 56649, including but not limited to; extending the term of the Agreement through December 31, 2005; upgrading certain System Hardware and System Software; approving a new subcontractor related to certain System Hardware and System Software; adding a \$50 million limitation on Contractor's liability to County and exclusions for certain damages; increasing rates for maintenance services and for professional services; increasing pool dollars for Martin Luther King, Jr./Drew Medical Center for professional services; and continuing implementation of certain Application Software modules.

On April 20, 2005, the Board approved Amendment Number Six to revise standard County contract language regarding HIPAA.

On August 30, 2006, the Board approved Amendment Number Seven to Agreement Number 56649, including, but not limited to; extending the term of the Agreement through December 31, 2006; purchasing additional System Hardware and System Software; increasing rates for maintenance services and for professional services; increasing pool dollars for professional services; adding a new Phase X for a new Application Software module; increasing the maximum County obligation to \$40,096,669; recognizing a corporate name change for QuadraMed Affinity Corporation which was formerly known as The Compucare Company; and continuing implementation of certain Application Software modules.

The proposed amendment extends the term of the agreement through December 31, 2009; provides for the acquisition of Application Software modules and additional Operating Software and System Hardware and related installation and maintenance services for all three hospitals; adds a new Phase XI for new PreciseID, MPISpy, SmartMerge, and SmartID (downtime) Application Software modules; adds a new Phase XII for new Quantim Report Writer, Quantim Chart Completion, Quantim Chart Locator, Quantim Correspondence Management/Release of Information (ROI), and Quantim eSignature Application Software modules; adds a new Phase XIII for new Quantim Electronic Document Management (EDM) Revenue Management, and Quantim EDM Health Information Management (HIM) Application Software modules; adds a new Phase XIV for new Quantim Facility Coding, Quantim Abstracting, Quantim Inpatient Compliance and Quantim Outpatient Compliance Application Software modules; increases pool dollars for County-requested professional services (including, without limitation, Master Patient Index cleanup services, and HIS-related work needed for the implementation of the MetroCare plan); adds a new pricing method for County-requested other professional services on a fixed price basis using pool dollars which is in addition to the existing time and materials pricing method based upon QDMC's hourly labor rates; increases the Contract Sum by \$24,157,055 to a total of \$64,253,725; and makes various other changes to the agreement.

This amendment also contains provisions whereby QMDC's liability is limited for its performance of editing in live services. At DHS' request, QMDC will perform professional services consisting of the editing of patient records (e.g., remapping of financial codes and definitions) directly in the HIS live database production environment, in order to update patient data, or correct errors in patient information, entered by DHS staff. QMDC will not be liable for any adverse consequences resulting from such services, so long as the services are performed in accordance with industry standards and in the absence of negligence. This work will occur only rarely, under a narrow set of circumstances.

Each DHS request for these editing in live services must be approved in writing by DHS' Director following a consideration by DHS and QMDC of possible adverse consequences that may result from the particular requested editing in live services. There is a risk with this activity which could result in a corrupted database. DHS will mitigate the risk to the HIS and other systems, by ensuring that best practices are followed, such as making an appropriate backup of the live database prior to the performance of this work and by requiring, where possible, that the work be performed first in a test environment, prior to performance of the work in the live database. These liability limitation provisions were required by QMDC as a condition for its performance of this work and for the extension of this agreement. QMDC and Compucare have successfully provided DHS with a turnkey HIS since 1989. DHS is aware of the liability limitation and is willing to accept the risk, since these professional services will ensure uninterrupted continuous service by the HIS for DHS' patients and clinical staff.

The County's Chief Information Officer concurs with the Department's recommendation.

Sidley Austin LLP (outside counsel) has reviewed the attached amendment (Exhibit I) and recommends Board approval. The amendment has also been reviewed and approved as to form by County Counsel. Also, the County's Internal Services Department, Purchasing and Central Services, has reviewed the amendment.

Attachment A provides additional information.

#### CONTRACTING PROCESS:

QMDC is aware of the new Board-approved standard contract language regarding assignment and delegation but is unwilling to agree to that language and wants to keep the current assignment and delegation language in the existing Agreement.

DHS did not advertise this proposed Amendment Number Eight on the Office of Small Business Countywide Web Site as a contracting opportunity, because it is for the continued provision of technical services for which the current contractor is uniquely qualified to perform. To select a new contractor at this time would be extremely costly to the County.

The County has guidelines for the timely submission of contracts for Board approval. However, the Department was unable to submit the recommended amendment three weeks prior to the desired effective date because of lengthy negotiations with the vendor to clarify contract provisions.

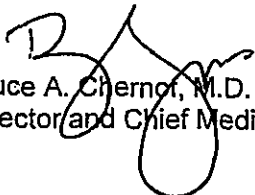
#### IMPACT ON CURRENT SERVICES (OR PROJECTS):

The Board's approval of the recommended amendment will continue the ongoing operations of the HIS currently in use at each of HDHS, RLARNC, and K/DMC.

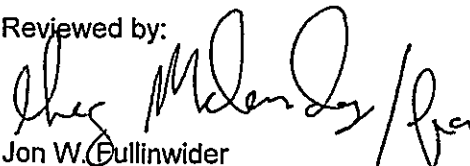
The Honorable Board of Supervisors  
December 12, 2006  
Page 6

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

  
Bruce A. Cherner, M.D.  
Director and Chief Medical Officer

Reviewed by:

  
Jon W. Eullinwider  
Chief Information Officer  
(See Attached Analysis)

BAC:it  
56649 BRD Ltr v7 112806

Attachments

c: Chief Administrative Officer  
Chief Information Office, Los Angeles County  
County Counsel  
Executive Officer, Board of Supervisors  
Director of Internal Services

SUMMARY OF AMENDMENT1. TYPE OF SERVICE:

Under the agreement amendment, QuadraMed Corporation and QuadraMed Affinity Corporation will continue to provide a turnkey Hospital Information System (HIS) for each of High Desert Health System (HDHS), Rancho Los Amigos National Rehabilitation Center (RLANRC) and Martin Luther King, Jr./Drew Medical Center (K/DMC)

2. AGENCY ADDRESS AND CONTACT PERSON:

QuadraMed Affinity Corporation  
3 Imperial Promenade, Suite 400  
Santa Ana, CA 92707-5916  
Sandra K. Williams, Vice President  
Telephone: (714) 371-1700

3. TERM:

The amendment will be effective as of the date of approval thereof by County's Board of Supervisors and the agreement will expire on December 31, 2009.

4. FINANCIAL INFORMATION:

The Fiscal impact related to this action is \$24,157,055 and is detailed as follows:

FACILITY	FY 06-07 (Jan - June 07)	FY 07-08	FY 08-09	FY 09-10 (July - Dec 09)	Total
HDHS	\$907,132	\$1,677,107	\$1,806,910	\$867,026	\$5,258,175
RLANRC	1,121,062	2,067,965	2,094,095	909,112	6,192,234
K/DMC	2,505,373	4,516,136	3,960,675	1,724,461	12,706,645
<b>TOTAL</b>	<b>\$4,533,567</b>	<b>\$8,261,208</b>	<b>\$7,861,680</b>	<b>\$3,500,599</b>	<b>\$24,157,055</b>

The amendment will increase the maximum County obligation to \$64,243,725. Funding for this agreement is included in the FY 2006-07 Final Budget and will be requested by the Department in future fiscal years.

5. FACILITIES TO BE SERVED:

HDHS, RLARNC, and KDMC

6. DESIGNATED ACCOUNTABLE FOR PROGRAM EVALUATION:

Lawrence Gatton, Oversight Project Director

7. APPROVALS:

Information Resource Management: Patrick Anderson, DHS Chief Information Officer  
County Chief Information Officer: Jon W. Fullinwider, Chief Information Officer  
Contracts and Grants Division: Cara O'Neill, Chief, Contracts and Grants Division  
County Counsel (approval as to form): James Kashian, Principal Deputy County Counsel

## CIO ANALYSIS

**AMENDMENT NUMBER EIGHT TO COUNTY AGREEMENT NUMBER 56649 WITH QUADRAMED CORPORATION AND QUADRAMED AFFINITY CORPORATION FOR  
TURNKEY HEALTHCARE INFORMATION SYSTEMS  
(All Districts) (3 Votes)**

**CIO RECOMMENDATION:**

☒ **APPROVE**  
☐ **DISAPPROVE**

☐ **APPROVE WITH MODIFICATION**

**Contract Type:**

☐ **New Contract**  
☐ **Sole Source Contract**

☒ **Contract Amendment**  
☐ **Hardware Acquisition**

☐ **Contract Extension**  
☐ **Other**

**New/Revised Contract Term:**

**Base Term: 3 Yrs**

**# of Option Yrs**

**Contract Components:**

☒ **Software**  
☒ **Professional Services**

☒ **Hardware**

☐ **Telecommunications**

**Project Executive Sponsor:** Lawrence Gatton, Oversight Project Director

**Budget Information :**

Contract Expenditures	\$ 33,560,415
Requested Contract Amount	\$ 24,157,055
Aggregate Contract Amount	\$ 64,253,725

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

**Project/Contract Description:**

The Department of Health Services (DHS) is requesting your Board to delegate authority to the Director and Chief Medical Officer of Health Services, or his designee, to sign Amendment Number Eight to Agreement 56649 with QuadraMed Corporation (QuadraMed) and the QuadraMed Affinity Corporation (QuadraMed) for Rancho Los Amigos National Rehabilitation Center (RLANRC), High Desert Health System (HDHS) and Martin Luther King Jr./Drew Medical Center (K/DMC) principally to:

Extend the term of the Agreement for a three (3) year period, ending December 31, 2009;

- Add a new Phase XI which acquires four (4) software modules that comprise the QuadraMed Master Patient Index Suite of Applications; add a Phase XII to acquire five (5) modules within the Quantim Health Information Management Suite of Applications; add a Phase XIII to acquire the Quantim Electronic Document Management (EDM) Revenue Management and Quantim EDM Health Information Management (HIM) Software modules; and add Phase XIV to acquire four (4) software modules (Quantim Facility Coding, Quantim Abstracting, Quantim Inpatient Compliance and Quantim Outpatient Compliance Application Software modules) that completes the acquisition Quantim HIM Suite of products. The total license fees and installation services for these phases are \$5.2 million over the remaining term of the Agreement.

Increase the maintenance rates and extend ongoing software and hardware maintenance for the full term of the Agreement at a cost of \$7.8 million;

Add an additional pricing method for County requested other professional services required to support the Master Patient Index clean-up project which is paid for with pool dollars;

- Increase the professional services rates and the total Pool of dollars by \$11.2 million for County requested professional services related to the implementation and ongoing operation of the Healthcare Information System (HIS). DHS estimates that \$2.9 million of this amount will be used to acquire professional services to implement the MetroCare Plan. The MetroCare Plan includes the changes related to the continued operation of K/DMC under the revised and expanded service delivery model for HUMC and the Department; Additionally, the Professional Services Pool includes \$1.3 million for professional services related to the Master Patient Index clean-up project; and
- Make various other supporting changes to the Agreement.

This Amendment will increase the Maximum Contract Sum by \$24,157,055 for a total of \$64,253,725 through December 31, 2009.

**Background:**

On January 21, 1997, your Board authorized the Purchasing Agent to sign County Agreement Number 56649 with Compucare for the acquisition and maintenance of a turnkey HIS,

including, but not limited to, clinical modules and hardware, for HDHS, RLANRC, and K/DMC for a five year term, effective December 31, 1996 through December 31, 2001.

On June 15, 1999, your Board approved Amendment Number One to Agreement Number 56649 to acknowledge the corporate acquisition of Compucare by QuadraMed, effective March 3, 1999, to add QuadraMed as a contractor under the Agreement, along with Compucare, and to hold both QuadraMed and Compucare jointly and severally liable and responsible for any and all of the obligations, responsibilities and liabilities of Compucare.

On December 7, 1999, your Board approved Amendment Number Two to Agreement Number 56649, including but not limited to; extending the term of the Agreement through December 31, 2003; increasing the maximum County obligation; redefining certain optional software modules to be implemented in Phases IV and V, and extending the implementation for certain of these modules under an added Phase VI; establishing a new Phase VII to include optional software modules (i.e., Accounts Payable and General Ledger) and acquiring software licenses, installation and maintenance for these modules; and revising and updating hardware and software maintenance rates, and professional services labor rates.

On December 4, 2001, your Board approved Amendment Number Three to Agreement Number 56649, containing various changes, principally to increase the maximum County obligation to \$27,464,093; to add a new Phase IX for a new Application Software module to the HIS at HDHS, RLANRC, K/DMC; to add Operating Software; and to increase funding for professional services pool hours for K/DMC.

On March 26, 2003, your Board approved Amendment Number Four to add standard County contract language regarding Health Insurance Portability and Accountability Act of 1996 (HIPAA).

On December 9, 2003, your Board approved Amendment Number Five to Agreement Number 56649, including but not limited to; extending the term of the Agreement through December 31, 2005; upgrading certain System Hardware and System Software; approving a new subcontractor related to certain System Hardware and System Software; adding a \$50 million limitation on Contractor's liability to County and exclusions for certain damages; increasing rates for maintenance services and for professional services; increasing pool dollars for K/DMC for professional services; and continuing implementation of certain Application Software modules.

On April 20, 2005, your Board approved Amendment Number Six to revise standard County contract language regarding HIPAA.

On August 30, 2006, your Board approved Amendment Number Seven to Agreement Number 56649, including, but not limited to; extending the term of the Agreement through December 31, 2006; purchasing additional System Hardware and System Software; increasing rates for maintenance services and for professional services; increasing pool dollars for professional services; adding a new Phase X for a new application software module; increasing the maximum County obligation to \$40,096,669; recognizing a corporate name change for

QuadraMed Affinity Corporation which was formerly known as The Compucare Company; and continuing implementation of certain Application Software modules.

The QuadraMed HIS provided under this Agreement is their Affinity product. DHS has established the Affinity HIS as their Department's enterprise solution and has implemented its use in all their hospitals and clinics. This Amendment continues the implementation of required modules at HDHS, RLANRC, and K/DMC. DHS has acquired the QuadraMed HIS applications under this agreement and a second agreement that provides the QuadraMed software, hardware and services for Harbor-UCLA Medical Center (HUMC), Olive View-UCLA Medical Center (OVUMC) and LAC+USC Medical Center (LAC+USCMC). The scope and complexity of these agreements and the limited number of knowledgeable Information Technology Contract Analysts has contributed to the Department expanding the agreements over multiple amendments. The Department has indicated their intent to amend both agreements to provide access to a comparable suite of modules in all facilities, to ensure a common termination date on both agreements and to acquire professional services to complete the Master Patient Index Clean-up which is being carried out in all DHS facilities and necessary changes required to support the implementation of the MetroCare Plan.

Through the negotiations of the amendments to the two QuadraMed Agreements, the County attempted to update the agreements with the new County language related to Contract Assignment, a requirement to gain County approval prior to the sale or merger of companies. However, QuadraMed refused to accept the new revised language. This does not pose a significant issue because the current agreement requires them to notify the County and gain County approval prior to the assignment of our Agreement.

#### **Project Justification/Benefits:**

DHS 56649 continues to deploy required and standard information systems across the hospitals operated and managed by DHS. The K/DMC, RLANRC and HDHS will begin the implementation of new applications that will provide physicians and other clinicians access to medical records and radiological exams online. The full implementation of the Quantim suite of applications will support the operational goals of DHS that medical records and clinical tests will be accessed electronically, regardless of treatment location. The successful implementation of these applications are anticipated to materially improve the efficiency of delivering care in these facilities by reducing duplicate ancillary tests because records and test results are unavailable.

In addition, this Amendment increases the Professional Services Pool and includes funding to support the implementation of the MetroCare Plan and the Master Patient Index (MPI) Clean-up Project for each facility, which will more accurately identify possible duplications when creating records and the ability to identify potential duplicate records in the existing MPI.

#### **Project Metrics**

The Amendment is structured to pay for completed and accepted deliverables or delivery, testing and acceptance of installed hardware and software. This ensures that the County will receive a useable product before payments are made. The Department and vendor have, over

the years, established structured implementation methodologies that have been used successfully across the DHS Medical Centers. The implementation plan allows management to monitor progress through the completion and acceptance of key deliverables against the respective project plans.

DHS will monitor each medical center's project phases to implement the Quantim modules and the MetroCare Plan in the Information Technology Tracking System (ITTS).

Another key metric of project success related to the new Quantim applications is the effectiveness of the training and clinician performance and acceptance of the new functionality.

#### **Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved**

The Amendment provides K/DMC, RLANRC and HDHS with new applications acquired under this Amendment and ongoing maintenance for the existing software modules and hardware that comprise their HIS. Loss of the software and hardware maintenance for the HIS could adversely impact patient care.

The Amendment also provides K/DMC, RLANRC and HDHS with new hardware to support their implementation of the new Quantim applications acquired under this Amendment.

#### **Alternatives Considered:**

DHS has established the QuadraMed Affinity product as their corporate HIS. This precludes their use of other products, if they are to maintain the system integration with existing modules already in use in their facilities.

#### **Project Risks:**

This Amendment modifies an existing Agreement that has been in place since 1997 and a business/contractual relationship with DHS for these software products and services since 1989. The County and vendor have years of experience working together and this minimizes contractual and project risks.

The County's risk exposure related to the limitation of liability for Modifications in Live will be mitigated by the process delineated within Amendment Number Seven, requiring the request for such modification to be requested by the Director of the Department. DHS has also committed to rigorously adhere to industry best practices related to data and system backups, testing and validation of any program changes, which will ensure their ability to recover from any programming errors.

#### **Risk Mitigation Measures:**

The County's risk exposure related to the limitation of liability for Modifications in Live will be mitigated by the process delineated within Amendment Number Eight, requiring the request for such modification to be requested by the Director of the Department. DHS has also committed to rigorously adhere to industry best practices related to data and system backups, testing and

validation of any program changes, which will ensure their ability to recover from any programming errors.

**Financial Analysis:**

This Amendment increases the contract maximum by \$24,157,055. This includes \$5.2 million for application software licenses, hardware and installation services, \$7.8 million for maintenance services and \$11.2 million for additions to the Professional Services Pools. DHS has included \$2.9 million within the pools to support the implementation of the MetroCare Plan. This is in addition to \$2.8 million to support the MetroCare Plan, which is include in Amendment Number Eight to Agreement 72190, also pending Board approval. This brings the total projected expenditures for the MetroCare Plan with QuadraMed to an estimated \$5.7 million, spread between the two agreements.

The Department has confirmed that they have sufficient funds in their current fiscal year's (FY 2006-2007) budget to fund current year expenditures. The Department will request future years funding in their annual budget requests.

**CIO Concerns:**

None

**CIO Recommendations:**

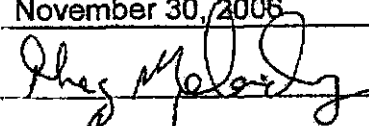
We recommend your Board's approval of Amendment Number Seven to the QuadraMed Agreement Number 72190.

**CIO APPROVAL**

Date Received: November 29, 2006

Prepared by: Jonathan E. Williams, Jr

Date: November 30, 2006

Approved: 

Date: 11/30/2006